

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549



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ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

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FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 04/01/2019 AND ENDING 03/31/2020  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Delaware Distributors, LP

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

2005 Market Street, 9th Floor

(No. and Street)

Philadelphia

PA

19103

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Richard Salus 215-255-1010

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

PricewaterhouseCoopers

(Name - if individual, state last, first, middle name)

2001 Market Street

Philadelphia

SEC  
Mail Processing  
PA  
JUN 02 2020  
415

19103

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:



Certified Public Accountant



Public Accountant



Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

## OATH OR AFFIRMATION

I, Richard Salus, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Delaware Distributors, LP, as of May 27, 2020, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Commonwealth of Pennsylvania - Notary Seal  
DEBRA J. LENZNER, Notary Public  
Philadelphia County  
My Commission Expires June 3, 2023  
Commission Number 1232483

Signature

Financial Operations Principal

Title

Notary Public

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☒ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

**Delaware Distributors, L.P.**

**Financial Statements and Supplemental Information**

**Fiscal Year Ended March 31, 2020**

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## **Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Partners of Delaware Distributors, L.P.

### ***Opinion on the Financial Statements***

We have audited the accompanying statement of financial condition of Delaware Distributors, L.P. (the "Company") as of March 31, 2020, and the related statements of operations, changes in partners' capital and cash flows for the year then ended, including the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2020, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

### ***Supplemental Information***

The Schedule I - Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission and the Schedule II - Computation for Determination of Reserve Requirements and Information Relating to Possession or Control Requirements for Brokers or Dealers Under Rule 15c3-3 of the Securities and Exchange Commission have been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supplemental information is the responsibility of the Company's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with Rule 17a-5 under the Securities Exchange Act of 1934. In our opinion, the Schedule I - Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission and the Schedule II - Computation for Determination of Reserve Requirements and Information Relating to Possession or Control Requirements for Brokers or



Dealers Under Rule 15c3-3 of the Securities and Exchange Commission are fairly stated, in all material respects, in relation to the financial statements as a whole.

PRICEWATERHOUSECOOPERS LLP

May 27, 2020

We have served as the Company's auditor since 2011.

Delaware Distributors, L.P.

Statement of Financial Condition

March 31, 2020

(In Thousands)

<b>Assets</b>		
Cash	\$	43,577
Due from affiliated mutual funds		5,865
Due from affiliates		2,059
Prepaid expenses and other assets		1,187
Deferred dealer commissions, less accumulated amortization of \$775		741
<hr/>		
Total assets	\$	53,429
<hr/>		
<b>Liabilities and partners' capital</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$	22,141
Accrued salaries and related expenses		7,009
Due to affiliates		5,625
<hr/>		
Total liabilities	\$	34,775
<hr/>		
Partners' capital:		
Limited partners		18,467
General partner		187
<hr/>		
Total partners' capital		18,654
<hr/>		
Total liabilities and partners' capital	\$	53,429
<hr/>		

See accompanying notes.

Delaware Distributors, L.P.

Statement of Operations

Fiscal Year Ended March 31, 2020

*(In Thousands)*

<b>Revenues</b>		
Administrative fees	\$	102,974
Distribution fees		71,746
Commissions and other income, net		2,283
<hr/>		
Total revenues	\$	177,003
<hr/>		
<b>Expenses</b>		
Distribution costs	\$	114,808
Salaries and related expenses		36,496
Selling, general, and administrative		20,407
Deferred dealer commission amortization		2,536
<hr/>		
Total expenses	\$	174,247
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Net income	\$	2,756
<hr/>		

*See accompanying notes.*

Delaware Distributors, L.P.

Statement of Changes in Partners' Capital

Fiscal Year Ended March 31, 2020

*(In Thousands)*

	<b>Delaware Distributors, Inc. (General Partner)</b>	<b>Delaware Investments Distribution Partner, Inc. (Limited Partner)</b>	<b>Delaware Capital Management Series (Limited Partner)</b>	<b>Total</b>
<b>Percentage interest per partnership agreement</b>	<b>1%</b>	<b>98%</b>	<b>1%</b>	<b>100%</b>
Balances as of March 31, 2019	\$ 189	\$ 18,520	\$ 189	\$ 18,898
Net income for the fiscal year ended March 31, 2020	28	2,700	28	2,756
Partners' distribution	(30)	(2,940)	(30)	(3,000)
<b>Balances as of March 31, 2020</b>	<b>\$ 187</b>	<b>\$ 18,280</b>	<b>\$ 187</b>	<b>\$ 18,654</b>

*See accompanying notes.*



Delaware Distributors, L.P.

Statement of Cash Flows

Fiscal Year Ended March 31, 2020

*(In Thousands)*

**Cash Flows from operating activities**

Net income	\$	2,756
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred dealer commission amortization		2,536
Change in assets and liabilities:		
Increase in Deferred dealer commissions		(1,794)
Increase in Due from affiliated mutual funds		(297)
Decrease in Prepaid expenses and other assets		18
Decrease in Due from affiliates		1,986
Decrease in Due to affiliates		(3,057)
Increase in Accounts payable and accrued liabilities		4,601
Increase in Accrued salaries and related expenses		495
Net cash provided by operating activities		7,244

**Cash flows used in financing activities**

Partners' distribution		(3,000)
Net cash used in financing activities		(3,000)
Net increase in cash		4,244
Cash at beginning of year		39,333
Cash at end of year	\$	43,577

*See accompanying notes.*

Delaware Distributors, L.P.

Notes to Financial Statements

March 31, 2020

*(In Thousands)*

**1. Description of Business and Ownership**

Delaware Distributors, L.P. ("the Partnership") is a registered broker-dealer with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Partnership is the national distributor for affiliated mutual funds. The partners are Delaware Distributors, Inc. ("DDI") (1% General Partner), Delaware Investments Distribution Partner, Inc. ("DIDP") (98% Limited Partner), and Delaware Capital Management Series of Macquarie Investment Management Business Trust ("DCM") (1% Limited Partner). DDI is a direct wholly-owned subsidiary of Macquarie Management Holdings, Inc. ("Holdings"). DIDP and DCM are indirect wholly-owned subsidiaries of Holdings. Holdings, an indirect majority-owned subsidiary of Macquarie Group Limited ("Macquarie"), views the Partnership as an integral part of its investment management strategy.

The Partnership and other affiliated entities with which the Partnership does business are under common ownership and management control. The existence of this control could result in operating results or financial position of the Partnership significantly different from those that would have been obtained if the Partnership were autonomous.

**2. Significant Accounting Policies**

**Basis of Presentation**

The accompanying financial statements are prepared in accordance with United States generally accepted accounting principles ("GAAP").

**Cash**

Cash is maintained in demand deposit accounts.

The Partnership had cash at March 31, 2020 of \$43,577 which was held at a reputable financial institution.

The cash held with the financial institution exceeds the Federal Deposit Insurance Corporation insurance limit of \$250.

Delaware Distributors, L.P.

Notes to Financial Statements (continued)  
*(In Thousands)*

**2. Significant Accounting Policies (continued)**

**Due from affiliated mutual funds**

Amounts included in Due from affiliated mutual funds on the Statement of Financial Condition are deemed to approximate fair value due to the short collection cycle.

**Deferred Dealer Commissions**

Sales commissions paid to dealers in connection with the sale of certain shares of open-end affiliated mutual funds sold without a front-end sales charge are capitalized and amortized over a period that approximates the period of time during which such commissions are expected to be recovered from distribution plan (12b1) payments received from the applicable affiliated mutual funds and contingent deferred sales charges received from shareholders upon the redemption of their shares. Deferred dealer commissions are amortized over a 12-month period. The deferred dealer commission asset is evaluated for impairment at least annually based on estimated future undiscounted cash flows expected to be received. The results of the impairment evaluation at March 31, 2020 indicated that the respective deferred dealer commission asset is not impaired.

**Revenue Recognition**

The Partnership recognizes revenue from contracts with customers in accordance with Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers. It requires the identification of discrete performance obligations within a customer contract and an associated transaction price is allocated to these obligations. Revenue is recognized upon satisfaction of these performance obligations, which occurs when control of the goods or services are transferred to the customer.

Delaware Distributors, L.P.

Notes to Financial Statements (continued)  
(In Thousands)

**2. Significant Accounting Policies (continued)**

**Revenue Recognition (continued)**

Distribution fees are received from affiliated mutual funds to reimburse the Partnership for the costs of marketing and selling fund shares. Distribution fees are recognized monthly based on contracted rates as a percentage of average daily net assets of the funds. At month-end, the variable considerations of the transaction price for the month are not constrained as the net assets of the funds are calculated and the value of the consideration is determined. In turn, the Partnership enters into agreements with and compensates brokers who sell the affiliated fund shares and incurs other distribution costs relating to marketing and selling fund shares, which are classified within Distribution costs on the Statement of Operations. Because it is considered the principal distributor to the funds, the Partnership utilizes the gross basis of presentation of reporting distribution fees and related distribution costs. The Partnership accrues the corresponding distribution costs monthly as the expenses are incurred.

Administrative fees are earned for additional advertising, promotion and distribution of affiliates' products. The administrative fees charged to the affiliates are based upon the cost of supplying the service and are recognized monthly. At month-end, the variable consideration of the transaction price is no longer constrained as the cost of supplying the services can be calculated and the value of the consideration is determined. The application of the terms of the contract is reviewed at least annually for appropriateness by the Partnership and by the affiliates to which the services are provided.

Commissions are recorded as of trade date and are comprised of net sales charges retained and deferred sales charges received relating to purchases and redemptions of shares of affiliated mutual funds and related products. As of the trade date, the variable consideration of the transaction price is no longer constrained as the commission can be calculated and the value of the consideration is determined.

Interest income is non-contractual and is accrued as earned. It is included in Commissions and other income, net on the Partnership's Statement of Operations.

Delaware Distributors, L.P.

Notes to Financial Statements (continued)  
(In Thousands)

**2. Significant Accounting Policies (continued)**

**Stock-Based Compensation**

Certain employees of the Partnership participate in the Holdings and Macquarie stock-based compensation plans. The Partnership and Holdings account for these plans in accordance with the Stock Compensation topic ("Topic 718") of the Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC").

The Partnership expenses the fair value of restricted stock units ("RSUs") issued under the Holdings plan. The fair value of all stock-based awards are recognized as compensation expense over the period an employee is required to provide service in exchange for the award.

The Holdings stock-based awards applicable to the Partnership employees are expensed by the Partnership and are included in Salaries and related expenses on the Statement of Operations, but the liability is included on Macquarie Investment Management Advisors series of Macquarie Investment Management Business Trust ("MIMA") with an intercompany liability between the Partnership and MIMA. For an equity award classified as a liability, the liability is marked to market through net income at the end of each reporting period. The value of the Holdings awards is determined based on an independent appraisal valuation of Holdings performed by a third-party appraiser, in general, quarterly. When determining the fair market value of Holdings, the independent valuation firm generally applies the market approach. Expected forfeitures for the Holdings' plan are estimated at the grant date, and revised, as needed, over the vesting period, thereby recognizing compensation expense only for those awards expected to vest. The RSUs generally vest over four to seven years. Effective April 1, 2017, RSUs are no longer being awarded under the Holdings plan. The RSUs previously issued to the Partnership's employees will continue to vest over the required service period.

Under the Macquarie Group Employee Retained Equity Plan ("MEREP"), Macquarie issues RSUs. The awards are measured at their grant dates based on Macquarie's publicly traded market value. The grant date fair value of the Macquarie awards granted to the Partnership's employees is expensed over the required service period and the awards generally vest over four years. The expense related to these awards is charged to the Partnership by Macquarie as an intercompany charge and is included in Salaries and related expenses on the Partnership's Statement of Operations.

The Partnership recognized \$1,251 of expense for the fiscal year ended March 31, 2020 related to these stock-based compensation awards and is included in Salaries and related expenses on the Partnership's Statement of Operations.

Delaware Distributors, L.P.

Notes to Financial Statements (continued)  
(In Thousands)

**2. Significant Accounting Policies (continued)**

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Taxes**

The Partnership is required to file a Federal and State Partnership return. However, in accordance with the provisions of the Internal Revenue Code and applicable state regulations, the taxable income or loss of the Partnership passes through and is reported in the tax returns of the partners in accordance with the terms of the partnership agreement. The Partnership also files the Business Income and Receipts Tax return with Philadelphia and incurs a tax which is based primarily upon receipts and is included in Selling, general and administrative expense on the Statement of Operations. Accordingly, no provision has been made in the accompanying financial statements for federal, state or local income taxes.

The Partnership does not have any tax positions at March 31, 2020 for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within 12 months of the reporting date.

As of March 31, 2020, the statute of limitations is open for tax years 2016 through current for the Pennsylvania and Philadelphia filings as well as filings made under the Internal Revenue Code.

**3. Net Capital Requirements**

The Partnership is subject to the United States Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1) which requires the maintenance of minimum net capital and requires that the aggregate indebtedness to net capital, both as defined, shall not exceed 15-to-1.

Delaware Distributors, L.P.

Notes to Financial Statements (continued)  
(In Thousands)

**3. Net Capital Requirements (continued)**

At March 31, 2020, the Partnership's net capital, required net capital, and ratio of aggregate indebtedness to net capital were as follows:

Net capital	\$8,802
Required net capital	\$2,318
Ratio of aggregate indebtedness to net capital	3.95 to 1

The Partnership claims the exemption provision of Rule 15c3-3 of the SEC under Section (k)(2)(i) of the Rule.

**4. Employee Benefit Plans**

**Defined Contribution Plans**

The Partnership participates in a defined contribution plan sponsored by Holdings. The Partnership makes annual contributions to the plan equal to 4.0% of a participant's eligible compensation up to \$125. Expense related to the plan totaled \$180 for the fiscal year ended March 31, 2020.

The Partnership participates in a 401(k) plan sponsored by Holdings for certain employees and in a 401(k) plan sponsored by Macquarie Holdings (USA) Inc. ("MHUSA") for certain employees. Under both plans, the Partnership makes matching contributions equal to 100% of each participant's pre-tax contribution up to 3% of compensation plus an additional contribution equal to 50% of the next 2% of eligible compensation, as defined by the plans, contributed by the participant. Expense related to the 401(k) plans totaled \$795 for the fiscal year ended March 31, 2020.

These expenses are included in Salaries and related expenses on the Statement of Operations.

Delaware Distributors, L.P.

Notes to Financial Statements (continued)  
(In Thousands)

**4. Employee Benefit Plans (continued)**

**Notional Investment Policy**

The bonus compensation of certain employees is deferred in accordance with Macquarie's bonus retention policy. In accordance with this policy, a designated portion of the employee's bonus is notionally invested in a portfolio of Macquarie-managed products as determined by the Macquarie compensation committee.

The notional investment vests in three equal tranches in the second, third and fourth year following the date of the investment. Once the notional investment vests, it is settled by MIMA. The expense related to this plan is recognized over the vesting period of the tranches, commencing as of the first day of the service period of the employee's bonus. The expense recognized for the fiscal year ended March 31, 2020 was \$1,735 and is included in Salaries and related expenses on the Statement of Operations.

**5. Related Party Transactions**

The related party transactions below are in addition to those discussed elsewhere in the notes to the financial statements.

In the fiscal year ended March 31, 2020, the Partnership was charged selling, general, and administrative expenses of \$8,164 primarily by Holdings and Macquarie affiliates for services provided by employees of affiliates. These expenses primarily relate to, but are not limited to, occupancy, information technology, human resources, finance, and legal services provided to the Partnership.

The Partnership allocated certain costs related to the distribution of managed account products to an affiliate. The allocated costs presented as a reduction of Salaries and related expenses on the Statement of Operations in the fiscal year ended March 31, 2020 were \$2,534. The allocated costs presented as a reduction of selling, general and administrative expenses were \$1,910.



Delaware Distributors, L.P.

Notes to Financial Statements (continued)  
(In Thousands)

**5. Related Party Transactions (continued)**

In the fiscal year ended March 31, 2020, the Partnership earned Distribution fees of \$71,746 from affiliated mutual funds to reimburse the Partnership for the costs of marketing and selling fund shares. Amounts included in Due from affiliated mutual funds on the Statement of Financial Condition related to these fees as of March 31, 2020 were \$5,765.

In the fiscal year ended March 31, 2020, the Partnership earned Administrative fees of \$102,974 for additional advertising, promotion and distribution of affiliates' products.

The Partnership pays certain expenses on behalf of affiliated mutual funds and is reimbursed by the funds in the subsequent month. The Partnership does not include these reimbursements as revenue but rather are netted against expenses paid on behalf of the affiliated mutual funds on the Statement of Operations due to the Partnership acting as an agent to the funds for this activity. The amount included in Due from affiliated mutual funds for these payments was \$100 at March 31, 2020.

The Partnership generally settles its intercompany balances on a monthly basis. Due from affiliates and Due to affiliates on the Statement of Financial Condition includes all outstanding balances arising from the above transactions.

**6. Subsequent Events**

In accordance with the Subsequent Events topic ("Topic 855") of the FASB ASC, the Partnership evaluates subsequent events that occurred after the Statement of Financial Condition date but before the financial statements have been issued. The Partnership evaluated subsequent events through May 27, 2020, the date the Partnership's financial statements were available to be issued. Based on the evaluation the Partnership did not identify any subsequent events that would have required adjustment to the financial statements.

Supplemental Information

Delaware Distributors, L.P.

Schedule I – Computation of Net Capital Under Rule 15c3-1 of the  
Securities and Exchange Commission  
(In Thousands)

March 31, 2020

**Net capital**

Total partnership capital	\$	18,654
Deductions:		
Total nonallowable assets		9,852
Net capital	\$	8,802

**Aggregate indebtedness**

Items included in Statement of Financial Condition:

Total liabilities	\$	34,775
Total aggregate indebtedness	\$	34,775

**Computation of basic net capital requirement**

Minimum net capital required	\$	2,318
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Excess net capital	\$	6,484
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Excess net capital at 1000% (net capital less 10% of aggregate indebtedness)	\$	5,325
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Ratio: Aggregate indebtedness to net capital 3.95 to 1

There were no material differences between the audited Computation of Net Capital included in this report and the corresponding schedule included in the Partnership's unaudited March 31, 2020 Part IIA Focus Filing as filed on May 7, 2020.

Supplemental Information

Delaware Distributors, L.P.

Schedule II - Computation for Determination of Reserve Requirements and Information  
Relating to Possession or Control Requirements for Brokers or Dealers Under  
Rule 15c3-3 of the Securities and Exchange Commission

March 31, 2020

The Partnership claims exemption from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934 in that the Partnership activities are limited to those set forth in the conditions for exemption appearing in paragraphs (k)(2)(i) of that rule.



## **Report of Independent Registered Public Accounting Firm**

To Management and the Board of Directors of Delaware Distributors, L.P.

We have reviewed Delaware Distributors, L.P.'s assertions, included in the accompanying Delaware Distributors, L.P.'s exemption report, in which (1) the Company identified 17 C.F.R. § 240.15c3-3(k)(2)(i) as the provision under which the Company claimed an exemption from 17 C.F.R. § 240.15c3-3 (the "exemption provision") and (2) the Company stated that it met the identified exemption provision throughout the year ended March 31, 2020 without exception. The Company's management is responsible for the assertions and for compliance with the identified exemption provision throughout the year ended March 31, 2020.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about the Company's compliance with the exemption provision. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's assertions referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2)(i) of 17 C.F.R. § 240.15c3-3.

PRICEWATERHOUSECOOPERS LLP

May 27, 2020



### Delaware Distributors, L.P.'s Exemption Report

Delaware Distributors, L.P. (the "Company") is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. §240.17a-5, "Reports to be made by certain brokers and dealers"). This Exemption Report was prepared as required by 17 C.F.R. § 240.17a-5(d)(1) and (4). To the best of its knowledge and belief, the Company states the following:

- (1) The Company claimed an exemption from 17 C.F.R. § 240.15c3-3 under the following provision of 17 C.F.R. § 240.15c3-3(k):(2)(i).
- (2) The Company met the identified exemption provisions in 17 C.F.R. § 240.15c3-3(k) throughout the most recent fiscal year without exception.

Delaware Distributors, L.P.

I, Richard Salus, swear (or affirm) that, to my best knowledge and belief, this Exemption Report is true and correct.

May 27, 2020



## Report of Independent Accountants

To Management and the Board of Directors of Delaware Distributors, L.P.

In accordance with Rule 17a-5(e)(4) of the Securities Exchange Act of 1934 and with the SIPC Series 600 Rules, we have performed the procedures enumerated below, which were agreed to by Delaware Distributors, L.P. and the Securities Investor Protection Corporation ("SIPC") (collectively, the "specified parties") with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) of Delaware Distributors, L.P. for the year ended March 31, 2020, solely to assist the specified parties in evaluating Delaware Distributors, L.P.'s compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Management is responsible for Delaware Distributors, L.P.'s compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the Public Company Accounting Oversight Board (United States) and in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and results thereof are as follows:

1. Compared the listed assessment payments on page 1, items 2B and 2G of Form SIPC-7 with the respective cash disbursement records entries, as follows:
  - a. Agreed the amount of \$300 listed on item 2B of the SIPC-7 for the April 1, 2019 – September 30, 2019 period to the October 31, 2019 Wells Fargo Bank Statement, which shows a wired payment of \$300, made on October 30, 2019 (payment ID 4746) to SIPC as the beneficiary noting no differences.
  - b. Agreed the amount of \$311 listed on item 2G of the SIPC-7 for the April 1, 2019 – March 31, 2020 period to a Wells Fargo Wire Transfer Detail Report, which shows a wired payment of \$311, made on May 27, 2020 (payment ID 5003) to SIPC as the beneficiary noting no differences.
2. Compared the Total Revenue amount reported on page 5 of the audited Form X-17A-5 for the year ended March 31, 2020 to the Total revenue amount of \$177,002,519 reported on page 2, item 2a of Form SIPC-7 for the year ended March 31, 2020, noting a difference of \$284.
3. Compared any adjustments reported on page 2, items 2b and 2c of Form SIPC-7 with the supporting schedules and working papers, as follows:
  - a. Compared deductions of \$73,621,573 on SIPC-7 (April 1, 2019 - March 31, 2020) line 2c(1): "Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products" to the summation of the following trial balance accounts: "6021000020: Other Commission Income, 6021000021: CDSC Revenue - Delaware, 6021100020: Upfront Commission Income, and 6070000021: 12B-1 Fee Revenue" per the March 31, 2020 year-end trial balance, noting no differences.



- b. Compared deductions of \$102,973,708 on SIPC-7 (April 1, 2019 - March 31, 2020) line 2c(8): "Other revenue not related either directly or indirectly to the securities business" to the summation of the following: trial balance accounts "8010990000: Internal Other Revenue and 6095990072: Tax TP Cost-Plus" per the March 31, 2020 year-end trial balance, plus the administrative fees financial statement adjustment totaling \$63,381, noting a difference of \$284.
- 4. Recalculated the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers obtained in procedure 3, as follows:
  - a. Recalculated the mathematical accuracy of the SIPC Net Operating Revenues on page 2, line 2d and the General Assessment @ .0015 on page 2, line 2e of \$407,238 and \$611, respectively of the Form SIPC-7, noting no differences.
  - b. Recalculated the summation noted in step 3(a) above to the sum of the following trial balance accounts: "6021000020: Other Commissions Income, 6021000021: CDSC Revenue - Delaware, 6021100020: Upfront Commission Income, and 6070000021: 12B-1 Fee Revenue" per the March 31, 2020 year-end trial balance, noting no differences.
  - c. Recalculated the summation noted in step 3(b) above to the sum of the following trial balance accounts: "8010990000: Internal Other Revenue and 6095990072: Tax TP Cost-Plus" per the March 31, 2020 year-end trial balance, plus the administrative fees financial statement adjustment totaling \$63,381, noting a difference of \$284.
  - d. Recalculated the mathematical accuracy of the amount in the line titled "Total Deductions" on page 2, line 2c of \$176,595,281, noting no differences.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Company's preparation of Form SIPC-7 in accordance with the applicable instructions. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors and Management of Delaware Distributors, L.P. and the Securities Investor Protection Corporation and is not intended to be and should not be used by anyone other than these specified parties.

PRICEWATERHOUSECOOPERS LLP

May 27, 2020

**SIPC-7**

(36-REV 12/18)

**SECURITIES INVESTOR PROTECTION CORPORATION**

P.O. Box 92185 Washington, D.C. 20090-2185

202-371-8300

**General Assessment Reconciliation****SIPC-7**

(36-REV 12/18)

For the fiscal year ended March 31, 2020

(Read carefully the instructions in your Working Copy before completing this Form)

**TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS**

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

29755 FINRA  
DELAWARE DISTRIBUTORS LP  
ATTN: COMPLIANCE DEPT  
2005 MARKET STREET FL 9  
PHILADELPHIA, PA 19103-7007

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

Richard Salus 215-255-1010

**WORKING COPY**

2. A. General Assessment (item 2e from page 2)

\$ 611

B. Less payment made with SIPC-6 filed (exclude interest)

( 300 )

October 30, 2019

Date Paid

C. Less prior overpayment applied

( \_\_\_\_\_ )

D. Assessment balance due or (overpayment)

\_\_\_\_\_

E. Interest computed on late payment (see instruction E) for \_\_\_\_\_ days at 20% per annum

\_\_\_\_\_

F. Total assessment balance and interest due (or overpayment carried forward)

\$ \_\_\_\_\_

G. **PAYMENT:** ☒ the box

Check mailed to P.O. Box ☐ Funds Wired ☒ ACH ☐ \$ 311

Total (must be same as F above)

H. Overpayment carried forward

\$( \_\_\_\_\_ )

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

Delaware Distributors, LP

(Name of Corporation, Partnership or other organization)

*Richard Salus*

(Authorized Signature)

Dated the 27th day of May, 20 20

*Vice President - Chief Financial Officer - Treasurer*

(Title)

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

**SIPC REVIEWER**

Dates:

Postmarked \_\_\_\_\_

Received \_\_\_\_\_

Reviewed \_\_\_\_\_

Calculations \_\_\_\_\_

Documentation \_\_\_\_\_

Forward Copy \_\_\_\_\_

Exceptions:

Disposition of exceptions:



**DETERMINATION OF "SIPC NET OPERATING REVENUES"  
AND GENERAL ASSESSMENT**

Amounts for the fiscal period  
beginning April 1, 2019  
and ending March 31, 2020

**Item No.**

2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)

**Eliminate cents**

\$ 177,002,519

**2b. Additions:**

- (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.
- (2) Net loss from principal transactions in securities in trading accounts.
- (3) Net loss from principal transactions in commodities in trading accounts.
- (4) Interest and dividend expense deducted in determining item 2a.
- (5) Net loss from management of or participation in the underwriting or distribution of securities.
- (6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.
- (7) Net loss from securities in investment accounts.

Total additions

**2c. Deductions:**

- (1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.
- (2) Revenues from commodity transactions.
- (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.
- (4) Reimbursements for postage in connection with proxy solicitation.
- (5) Net gain from securities in investment accounts.
- (6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.
- (7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).
- (8) Other revenue not related either directly or indirectly to the securities business.  
(See Instruction C):

**ADMINISTRATIVE SERVICES AGREEMENT**

(Deductions in excess of \$100,000 require documentation)

- (9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income. \$ \_\_\_\_\_
- (ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960). \$ \_\_\_\_\_

Enter the greater of line (i) or (ii)

Total deductions

2d. SIPC Net Operating Revenues

2e. General Assessment @ .0015

73,621,573

102,973,708

176,595,281

\$ 407,238

\$ 611

(to page 1, line 2.A.)